

REPLACEMENT HOUSING PLAN

**539 – 586 E. VERNON STREET and
2517 – 2561 Atlantic Avenue (Odd Addresses Only)**

CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA



MAY 3, 2004

**LONG BEACH REDEVELOPMENT AGENCY
333 WEST OCEAN BLVD., 3RD FLOOR
LONG BEACH, CA 90802**

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I. INTRODUCTION

This Replacement Housing Plan (the “Replacement Housing Plan”) has been prepared pursuant to Section 33413.5 of the California Health and Safety Code for the Redevelopment Agency of the City of Long Beach (the “Agency”). Section 33413.5 requires that, not less than 30 days prior to the execution of an agreement for acquisition of real property, or the execution of an agreement for the disposition and development of property, or the execution of an owner participation agreement, which agreement would lead to the destruction or removal of dwelling units from the low and moderate-income housing market, the Agency shall adopt by resolution a replacement housing plan.

In addition, Section 33413.5 mandates that the Replacement Housing Plan shall include the following components:

- The number of dwelling units housing persons and families of low- or moderate-income to be removed and replaced by construction or rehabilitation;
- The general location of housing to be rehabilitated, developed or constructed pursuant to Section 33413;
- An adequate means of financing such rehabilitation, development, or construction;
- The timetable for meeting the Replacement Housing Plan’s relocation, rehabilitation, and replacement housing objectives; and
- A finding that the replacement housing does not require the approval of the voters pursuant to Article XXXIV of the California Constitution, or that such approval has been obtained;

II. DEFINITIONS

Very-Low-Income Household

Persons and families whose gross incomes do not exceed 50 percent of the area median income adjusted for family size.

Low-Income Household

Persons and families whose gross incomes exceed 50 percent but do not exceed 80 percent of the area median income adjusted for family size.

Moderate-Income Household

Persons and families whose gross incomes exceed 80 percent but do not exceed 120 percent of the area median income adjusted for family size.

Affordable Owner-Occupied Housing Cost

Section 50052.5 of the California Health and Safety Code states that for any owner-occupied housing, “affordable housing costs” shall not exceed the following:

- (1) For very-low-income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
- (2) For lower-income households whose gross incomes exceed the maximum income for very-low income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 30 percent times 70 percent of the area median income adjusted for family size. In addition, for any lower-income household that has a gross income that equals or exceeds 70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 30 percent of the gross income of the household.
- (3) For moderate-income households whose gross incomes exceed the maximum income for lower-income households and do not exceed the 110 percent of the area median income adjusted for family size, the product of 35 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that equals or exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 35 percent of the gross income of the household.

Affordable Renter-Occupied Housing Cost

Section 50053 of the California Health and Safety code states that for any rental housing development, “affordable rent,” including a reasonable utility allowance, shall not exceed:

- (1) For very-low-income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
- (2) For lower-income households whose gross incomes exceed the maximum income for very-low-income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower-income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.
- (3) For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

Replacement Dwelling Unit

For this Housing Replacement Plan, “Replacement Dwelling Unit” means a dwelling unit developed or constructed in the City of Long Beach pursuant to Section 33413 in replacement of a dwelling unit destroyed or removed from the low and moderate-income housing market by the Agency and which is decent, safe, and sanitary, contains at least the same number of bedrooms and other living areas as the dwelling unit destroyed or removed, and is available at affordable housing cost to low- and moderate-income households.

III. REPLACEMENT HOUSING REQUIREMENTS

Section 33413(a) of the California Health and Safety Code requires that whenever low or moderate-income household dwelling units are destroyed or removed from the housing market as part of a redevelopment project

which is subject to a written agreement with a redevelopment agency or where financial assistance has been provided by the agency, the agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low or moderate-income, an equal number of replacement dwelling units which have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency.

When dwelling units are destroyed or removed on or after January 1, 2002, 100 percent of the replacement dwelling units shall be available at affordable housing cost in the same or lower income category (very low, low, or moderate) as the persons displaced from those destroyed or removed units.

Section 33413(f) of the California Health and Safety Code modifies these requirements as follows:

Notwithstanding subdivision (a), the agency may replace destroyed or removed dwelling units with a fewer number of replacement dwelling units if the replacement dwelling units meet both of the following criteria:

- (1) The total number of bedrooms in the replacement dwelling units equals or exceeds the number of bedrooms in the destroyed or removed units. Destroyed or removed units having one or no bedroom are deemed for this purpose to have one bedroom.
- (2) The replacement units are affordable to the same income level of households as the destroyed or removed units.

IV. PROJECT DESCRIPTION

On March 12, 2004 the Agency sent owner participation letters to the following residential dwellings ("Subject Property") within the Central Long Beach Redevelopment Project Area:

539 Vernon Street – Multi-family Residence
541 Vernon Street – Multi-family Residence
543 Vernon Street – Multi-family Residence
545 Vernon Street – Multi-family Residence
547 Vernon Street – Multi-family Residence
549 Vernon Street – Multi-family Residence

550 Vernon Street – Single Family Residence
555 Vernon Street – Single Family Residence
560 Vernon Street – Single Family Residence
561 Vernon Street – Single Family Residence
566 Vernon Street – Single Family Residence
567 Vernon Street – Single Family Residence
569 Vernon Street – Single Family Residence
572 Vernon Street – Single Family Residence
575 Vernon Street – Single Family Residence
580 Vernon Avenue – Multi-family Residence
586 Vernon Avenue – Multi-family Residence
2515 Atlantic Avenue – Multi-family Residence
2525 Atlantic Avenue - Commercial
2527 Atlantic Avenue – Vacant Land
2535 Atlantic Avenue - Commercial
2545 Atlantic Avenue – Commercial
2545 ½ Atlantic Avenue – Multi-family Residence
2555 Atlantic Avenue - Commercial
2557 Atlantic Avenue – Commercial
2559 Atlantic Avenue - Commercial
2565 Atlantic Avenue - Commercial

The Redevelopment Agency plans to partner with a developer to assemble these residential and commercial parcels along Atlantic Avenue and Vernon Street (collectively, “Project Site”) to develop affordable housing (“Project”).

The Project’s primary activities will include the following:

A. Acquisition, Relocation and Demolition

The Agency will assist in the acquisition of the Project Site, relocate the existing occupants, and demolish the structures to prepare the site for new development.

B. New Construction and/or Substantial Rehabilitation

The Project Site will be developed with affordable housing. The assemblage of property and all new construction and rehabilitation will be in accordance with the City of Long Beach General Plan and the Central Long Beach Redevelopment Plan.

V. RESIDENTIAL UNITS TO BE REMOVED AND REPLACED

The project site contains occupied residential units including 9 single-family residences and 10 apartments. The following table illustrates the

units by the number of bedrooms contained therein and the income-level of the current households occupying those units:

	Studios/ One BR	Two BR	Three BR	Total
Very-Low Income	10	2	2	14
Low Income	0	3	1	4
Moderate Income	0	0	1	1
Total	12	5	2	19

A combined bedroom count of 32 bedrooms in 19 total residential units will be removed from the project site. These are currently occupied by 14 very-low-income households, 4 low-income households and 1 moderate-income household.

VI. GENERAL LOCATION OF HOUSING TO BE REHABILITATED, DEVELOPED OR CONSTRUCTED

Pursuant to California Health and Safety Code Section 33413, the Agency will, within four years, rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed, for rental or sale to persons and families of very low, low or moderate-income an equal number of dwelling units which have an equal number of bedrooms as those removed dwelling units, or a fewer number of replacement dwelling units if the replacement dwelling units collectively contain an equal or greater number of bedrooms than the combined bedrooms destroyed or removed and are available at affordable housing cost to households of the same or lower income category as the displaced households.

The Agency has already taken action to provide replacement dwellings. A Disposition and Development Agreement has been entered into with Jamboree Housing Corporation to build workforce housing along Third Street between Maine Avenue and Golden Avenue. This complex will have 35 two-bedroom units, 22 three-bedroom units, and 7 four-bedroom units, all of which will be available to very-low-income households. This housing should be available within four years of the removal of residential units.

VII. FINANCING OF REPLACEMENT HOUSING

The Agency transfers all of the 20% set-aside funds from each redevelopment project area into the City's Housing Development Fund.

This money is used by the LBHDC to assist in the production of affordable housing as required by Law. Current LBHDC programs funded by set-aside tax increment revenues include the following:

- First-Time Home Buyer Down Payment Assistance Program;
- Interest Rate Reduction Program; and
- Moderate-Income Rehabilitation Loan Program.

Should the LBHDC build or otherwise assist in the creation of affordable housing in the territorial jurisdiction of the Agency, it will do so in accordance with California Health and Safety Code Section 33413(b). In addition, the creation or rehabilitation of replacement dwelling units can be financed through a variety of means other than set-aside tax increment revenues, including:

- State of California Cal Home Program funds;
- State of California HELP Program funds;
- State of California CHFA Tax-Exempt Mortgage Revenue Bond Program funds;
- Federal HOME Program Funds;
- Mortgage Credit Certificate Program; and
- Conventional bank loans

As is often the case, the creation of replacement housing depends on a number of financing sources. In the case of the Jamboree Housing Project, replacement housing is financed with redevelopment set-aside funds, low income housing tax credits, State of California Multi-family Housing Project funds, and local multi-family housing revenue bonds.

VIII. TIMETABLE FOR DEVELOPMENT OF REPLACEMENT HOUSING

Within four years of the destruction or removal of any low or moderate income housing, the Agency will rehabilitate, develop or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to low or moderate income families replacement dwellings for those units lost as a result of the Project's implementation. The Jamboree Housing Project has a target completion date of mid to late 2006. In no event will replacement housing be available later than four years from the adoption of this Housing Replacement Plan.

The Jamboree Housing Project residential units will be made available at costs affordable to individuals and families of very low income and covenants will be recorded against the properties to ensure the affordability of the units for a period of time not less than the land use controls contained within the Central Long Beach Redevelopment Plan. In the case of the Jamboree Housing Project, residential units will be

restricted for rental to very low income households for a period of 60 years.

IX. COMPLIANCE WITH ARTICLE XXXIV OF THE CALIFORNIA CONSTITUTION

Article XXXIV of the California Constitution requires voter approval of all low-rent housing projects that are developed, constructed, or acquired by a public entity. Under Section 37001 of the California Health and Safety Code, the Project is not a “low-rent housing project” as defined in Section 2 of Article XXXIV of the California Constitution because the housing units are being developed to replace dwelling units previously or currently occupied by lower-income households. Therefore, the proposed replacement housing does not require the approval of voters pursuant to Article XXXIV of the California Constitution.

X. PROVISION FOR PUBLIC REVIEW AND COMMENT

In accordance with Section 33413.5, a draft of the Replacement Housing Plan has been made available for review and comment by the general public and other public agencies.